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working world**

**PAKISTAN KIDNEY AND LIVER INSTITUTE
AND RESEARCH CENTER**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER

Opinion

We have audited the financial statements of Pakistan Kidney and Liver Institute and Research Center (the Institute), which comprise the statement of financial position as at 31 December 2018, statement of income and expenditure, statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as at 31 December 2018, and its financial performance and its cash flows for the year ended 31 December 2018 in accordance with International Financial Reporting Standards as applicable in Pakistan and Accounting Standards for Not for Profit Organization issued by the Institute of Chartered Accountants of Pakistan.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the International Code of Ethics for Professional Accountants' as adopted by the Institute of Chartered Accountants of Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operation, or has no realistic alternative but to do so.

The Board of Governors are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is Sajjad Hussain Gill.



Chartered Accountants
Lahore: 11 April 2022

PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	2,339,778,658	1,928,571,041
Capital work in progress	6	14,660,479,871	10,330,780,807
Intangible assets	7	6,785,791	5,250,901
Long term deposit and advances	8	5,085,180	45,456,025
		<u>17,012,129,500</u>	<u>12,310,058,774</u>
Current assets			
Stores and spares	9	17,572,242	401,650
Inventories	10	459,126,577	53,362,083
Advances, prepayments and other receivables	11	8,080,931	33,206,070
Short term security deposits	12	7,253,542	13,282,000
Cash and bank balances	13	2,744,916,766	4,919,691,124
		<u>3,236,950,058</u>	<u>5,019,942,927</u>
TOTAL ASSETS		<u><u>20,249,079,558</u></u>	<u><u>17,330,001,701</u></u>
FUND AND LIABILITIES			
Fund and reserves			
Fund balance		620,980,985	262,082,731
Non-current liability			
Deferred grants - restricted	14	18,676,672,441	16,556,042,745
Current liabilities			
Trade and other payables	15	951,426,132	511,876,225
TOTAL FUND AND LIABILITIES		<u><u>20,249,079,558</u></u>	<u><u>17,330,001,701</u></u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes, from 1 to 27, form an integral part of these financial statements.

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
 STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Clinical income	17	82,548,844	2,658,051
Return on saving accounts		202,758,247	108,423,604
Amortization of deferred grants	14	3,512,703,304	757,662,136
Other income	18	73,591,163	813,258
		<u>3,871,601,558</u>	<u>869,557,049</u>
EXPENDITURE			
Salaries and wages	19	1,795,341,495	406,876,226
General and administrative expenses	20	1,496,604,244	318,308,431
Depreciation and amortization	5 & 7	220,757,565	32,477,479
		<u>3,512,703,304</u>	<u>757,662,136</u>
Surplus before taxation		358,898,254	111,894,913
Taxation	21	-	-
Excess of income over expenditure		<u>358,898,254</u>	<u>111,894,913</u>

The annexed notes, from 1 to 27, form an integral part of these financial statements.

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Rupees	2017 Rupees
Excess of income over expenditure	358,898,254	111,894,913
Other comprehensive income:		
Items to be reclassified to income and expenditure in subsequent periods	-	-
Items not to be reclassified to income and expenditure in subsequent periods	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year	<u>358,898,254</u>	<u>111,894,913</u>

The annexed notes, from 1 to 27, form an integral part of these financial statements.

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income over expenditure		358,898,254	111,894,913
Adjustments for non cash and non operating Items:			
Depreciation on property and equipment	5	217,863,883	31,500,092
Amortization on intangible assets	7	2,893,682	977,387
Amortization of deferred grants	14	(3,512,703,304)	(757,662,136)
Return on saving accounts		(202,758,247)	(108,423,604)
		<u>(3,494,703,986)</u>	<u>(833,608,261)</u>
Cash flows before working capital changes		(3,135,805,732)	(721,713,348)
Effect on cash flows due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(17,170,592)	(401,650)
Inventories		(405,764,494)	(53,362,083)
Advances, prepayments and other receivables		25,125,138	(26,895,560)
Short term security deposits		6,028,458	(13,282,000)
		<u>(391,781,490)</u>	<u>(93,941,293)</u>
		(3,527,587,222)	(815,654,641)
Increase in trade and other payables:			
Trade and other payables		439,549,907	445,245,165
Decrease / (Increase) of long term deposit and advances		40,370,845	(40,370,845)
Cash flows used in operating activities		<u>(3,047,666,470)</u>	<u>(410,780,321)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(218,799,816)	(975,341,646)
Additions to capital work in progress		(4,739,970,747)	(6,970,864,193)
Additions to intangible assets	7	(4,428,572)	(5,940,623)
Return on saving accounts		202,758,247	109,611,909
Cash flows used in investing activities		<u>(4,760,440,888)</u>	<u>(7,842,534,553)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Grants received during the year	14	5,633,333,000	11,500,000,000
Net (decrease) / increase in cash and cash equivalents		(2,174,774,358)	3,246,685,126
Cash and cash equivalents at the beginning of year		4,919,691,124	1,673,005,998
Cash and cash equivalents at the end of year	13	<u>2,744,916,766</u>	<u>4,919,691,124</u>

The annexed notes, from 1 to 27, form an integral part of these financial statements.

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
 STATEMENT OF CHANGES IN FUND
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Fund Balance Rupees
Balance as at 01 January 2017	150,187,818
Excess of income over expenditure	111,894,913
Other comprehensive income	-
Total comprehensive income for the year	111,894,913
Balance as at 31 December 2017	262,082,731
Excess of income over expenditure	358,898,254
Other comprehensive income	-
Total comprehensive income for the year	358,898,254
Balance as at 31 December 2018	620,980,985

The annexed notes, from 1 to 27, form an integral part of these financial statements.

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**PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUS AND ACTIVITIES

- 1.1 Pakistan Kidney and Liver Institute and Research Center ("the Institute") is a body corporate established as a Not-for-Profit Organization under 'Pakistan Kidney and Liver Institute and Research Center Ordinance 2014', subsequently passed as the Pakistan Kidney and Liver Institute and Research Center Act, 2014 ("the Act") on 08 December 2014. The Board of Governors (the Board) of the Institute was constituted on 18 April 2015. The principal aims of the Institute are to establish a center of excellence in medical and surgical care, teaching and research in the fields of urology, nephrology, hepatology and related transplants with the objective to provide free of cost or own cost basis diagnosis and treatments. The Institute also educates the people about prevention from kidney, liver, bladder, prostate and pancreas related diseases. The registered office of the Institute is situated at 1-PKLI Avenue, Opposite DHA Phase VI, Knowledge City, Lahore, Pakistan.

During the year, the Honorable Supreme Court of Pakistan took Suo Moto action against the Institute on 24 March 2018 and issued the directions to carry out the forensic audit of the Institute. The Honorable Court later on suspended the management and appointed Adhoc Committee to run the affairs of the Institute. Further, subsequent to year end, the Supreme Court bench in its final order, dropped notice of Suo Moto action on 28 February 2019 and restored the Institute's management and Board of Governors. Thereafter, the Provincial Assembly of the Punjab passed Pakistan Kidney and Liver Institute and Research Center Act, 2019 and appointed the Board of Governors to administer the Institute.

The Director General Audit, Punjab and the Forensic Auditor under the Order of the Honorable Supreme Court of Pakistan conducted the Audit of the Institute for the period from 2016 to 2018 and presented their reports where 181 Audit Paras were reported by DG Audit. These Audit Paras have been responded by the management clarifying its stance. These audit observations may materialize against individuals and the Institute subject to the final determination by the competent forums and / or the court of competent jurisdiction and may not have any material impact on the Institute.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, which comprise of :

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), as applicable in Pakistan; and
- Accounting Standards for Not for Profit Organization (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Where the requirements of IFRS differ from those of Accounting standards for NPOs, the requirements of IFRS have been followed.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

These financial statements have been prepared under historical cost convention except for the recognition of Government and other grants related to donated assets carried at fair value.

3.2 Functional and presentation currency

The financial statements of the Institute have been presented in Pak Rupee, which is also the Institute's functional currency.

3.3 Critical accounting estimates and judgments

The Institute's significant accounting policies are stated in Note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

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3.3.1 Useful lives, residual values and depreciation method of property and equipment – (Note 4.3)

The Institute reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation on items of property and equipment on a regular basis. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Institute uses the technical resources available inside/outside the Institute, as appropriate. Any change in these estimates in the future might affect the carrying amount of items of property and equipment, with a corresponding effect on the depreciation charge, impairment and amortization of deferred grants.

3.3.2 Impairment – (Note 4.5)

The carrying amounts of the Institute's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized in statement of income and expenditure. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of income and expenditure.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Institute are consistent with previous year except as described in Note 4.1.

4.1 New, amended standards and interpretations which became effective

The Institute has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

The adoption of the above amendments, interpretations and improvements do not have any material effect on the financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.3 Property and equipment

Initial measurement

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses whereas capital work in progress which is stated at cost less accumulated impairment loss, if any. Expenditure directly attributable to acquisition of property and equipment for projects is capitalized till its commissioning to form part of the cost of the asset.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

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Depreciation

Depreciation on property and equipment is charged on reducing balance method at the rates stated in Note 5. Depreciation on additions to property and equipment is charged full for the month in which the asset is available for use while no depreciation is charged for the month in which asset is disposed off.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in statement of income and expenditure in the year in which the asset is de-recognized.

4.4 Capital work in progress

Capital work in progress includes civil works and consultancy and deposit against works which is stated at cost less any identified impairment loss. These costs are transferred to property and equipment as and when assets are available for intended use.

4.5 Impairment of non-financial assets other than inventories

Assets that have an indefinite useful life, for example freehold-land, are not subject to depreciation and are tested for impairment if any such indication exists. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable.

An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the original

4.6 Inventories

Inventories are stated at lower of cost less impairment loss, if any, or net realizable value. Cost is determined on average cost method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated net income relating to consumption of inventory in the ordinary course of the business.

4.7 Stores and spares

Stores and spares are stated at lower of cost less impairment loss, if any. Cost is determined on average cost method and comprises all costs of purchase and other costs incurred in bringing the stores and spares to their present location and condition.

4.8 Fund balance

This is an unrestricted fund. The income arising from the unrestricted resources which include clinical income, return on saving accounts and other income is recognized in this fund. Such income is initially recognized in income and expenditure account.

4.9 Restricted deferred grants

Grants held for specific usage are restricted grants and are initially recognized at fair value in the statement of financial position when there is reasonable assurance that the grant will be received and the conditions specified for its receipt have been complied with. Restricted grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. Mentioned below is the recognition criteria of different types of grants received by the Institute and their related income.

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4.9.1 Government grants

Government grants, including the non monetary grants at fair value are recognized under deferral method when there is reasonable assurance that:

- a) the institute will comply with the conditions attaching to them, if any; and
- b) the grants will be received.

Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable.

Government grants related to assets, including non monetary grants at fair value are presented in the statement of financial position by setting up the grants as deferred grant which is recognized as income on systematic basis over the useful life of the asset.

4.9.2 Other grants

These comprise of donated assets, which are initially measured at the market value prevailing at the time of acquisition and recognized as a deferred grant when it is probable that economic benefit will flow to the Institute. Such grant is recognized as income based on the pattern of flow of economic benefits to the Institute.

4.10 Advances

Advances are carried at nominal amount less provision, if any, made for receivables considered doubtful for recovery.

4.11 Employee benefits

4.11.1 Earned leaves policy

As per Company's policy, each employee is eligible for annual 24 days. The Company accounts for compensated absences on the basis of 50% of unavailed leave balance of each employee at the end of the reporting period.

4.11.2 Voluntary pension scheme

The Company operates a voluntary pension scheme that requires contributions to be made to separate fund operated by a third party, Al Meezan Investment Management Limited. Equal contributions are made monthly both by the Company and the employees in accordance with the rules of the scheme at 10% (2017: 10%) of basic salary.

4.12 Income recognition

Income is recognized when it is probable that the economic benefits will flow to the Institute and the income can be measured reliably. Mentioned below is the recognition criteria of different types of income of the Institute.

- Clinical income is recognized at the time when services are rendered.
- Donations are recognized at fair value when received.
- Return on saving accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Unrestricted grants/contribution received are recognized as income in the year of receipt.
- Restricted deferred grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis.

4.13 Creditors and other payables

Creditors and other payable are initially recognised at cost which is the fair value of the consideration to be paid in future for goods and/ or services and subsequently measured at amortised cost using the effective interest method.

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4.14 Provisions

Provisions are recognized when the Institute has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

4.15 Related party transactions

All transactions between the Institute and related parties are carried out on mutually agreed terms.

4.16 Financial instruments

Financial assets and liabilities are recognized when the Institute becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Institute derecognizes the financial assets and liability when it ceases to be a party to contractual provision of the instrument. The Institute recognizes the regular way purchase or sale of financial assets using settlement date accounting.

4.17 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Institute has a legally enforceable right to set off the recognized amounts and the Institute intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.18 Impairment of financial assets

The Institute assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss is recognized in statement of income and expenditure.

The Institute first assesses whether objective evidence of impairment exists individually for financial assets that are significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in statement of income and expenditure, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

4.19 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER

Standard or Interpretation	Effective Date (Annual periods beginning on or after) (Amendments)
IAS 1 & IAS 8 - Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
IFRS 9 - Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRS 16 - Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2020
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IFRS 14 - Regulatory Deferral Accounts	01 July 2019
IFRS 9 - Financial Instruments*	30 June 2019

*The SECP has modified the effective date of application of IFRS 9 in place of IAS 39, through SRO. 229 (I)/2019, dated 14 February 2019, as reporting period / year ending on or after 30 June 2019.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Institute expects that such improvements to the standards will not have any impact on the Institute's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	IASB effective date (Annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 - Insurance Contracts	01 January 2021

The Institute expects that above new standards will not have any material impact on the Institute's financial statements.

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5. PROPERTY AND EQUIPMENT

DESCRIPTION	2018									Rate %
	COST				ACCUMULATED DEPRECIATION				Net book value as at 31 December 2018	
	As at 01 January 2018	Additions / Transfers*	Reclassification	As at 31 December 2018	As at 01 January 2018	For the year	Reclassification	As at 31 December 2018		
Rupees										
Land-freehold (Note 5.1)	967,562,500	-	-	967,562,500	-	-	-	-	967,562,500	-
Building	90,257,723	-	-	90,257,723	3,740,558	4,325,858	-	8,066,416	82,191,307	5
HVAC and electrical equipment	80,025,601	24,963,578	-	167,817,716	2,764,104	20,998,957	-	23,763,061	144,054,655	15
		62,828,537 *								
Medical equipment (Note 5.2)	638,366,008	26,156,448	-	954,500,912	11,779,548	113,374,091	-	125,153,639	829,347,274	15
		289,978,456 *								
Office equipment	6,443,738	10,189,202	-	16,632,940	660,436	2,261,364	-	2,921,800	13,711,140	15
Support services equipment	5,755,982	1,680,737	-	64,901,409	199,174	7,450,218	-	7,649,392	57,252,017	15
		57,464,690 *								
Library books	-	530,323	-	530,323	-	66,290	-	66,290	464,033	30
Computers	80,949,695	83,085,865	-	164,035,560	7,229,806	43,862,452	-	51,092,258	112,943,302	30
Furniture and fixtures	49,794,902	21,994,999	-	71,789,901	2,805,532	10,121,242	-	12,926,774	58,863,127	15
Vehicles	43,640,365	50,198,664	-	93,839,029	5,046,315	15,403,411	-	20,449,726	73,389,303	20
	1,962,796,514	629,071,499	-	2,591,868,013	34,225,473	217,863,883	-	252,089,356	2,339,778,658	

DESCRIPTION	2017									Rate %
	COST				ACCUMULATED DEPRECIATION				Net book value as at 31 December 2017	
	As at 01 January 2017	Additions / Transfers*	Reclassification	As at 31 December 2017	As at 01 January 2017	For the year	Reclassification	As at 31 December 2017		
Rupees										
Land-freehold (Note 5.1)	700,000,000	267,562,500	-	967,562,500	-	-	-	-	967,562,500	-
Building	-	669,126	-	90,257,723	-	3,740,558	-	3,740,558	86,517,165	5
		89,588,597 *								
HVAC and electrical equipment	-	37,926,313	1,802,310	80,025,601	-	2,304,150	459,954	2,764,104	77,261,497	15
		40,296,978 *								
Medical equipment (Note 5.2)	-	14,408,716	-	638,366,008	-	11,779,548	-	11,779,548	626,586,460	15
		623,957,292 *								
Office equipment	3,037,466	5,612,113	(2,205,841)	6,443,738	722,860	502,493	(564,917)	660,436	5,783,302	15
Support services equipment	-	2,170,732	-	5,755,982	-	199,174	-	199,174	5,556,808	15
		3,585,250 *								
Computers	2,548,729	78,072,995	327,971	80,949,695	892,747	6,249,093	87,966	7,229,806	73,719,889	30
Furniture and fixtures	2,030,212	47,689,130	75,560	49,794,902	382,096	2,406,439	16,997	2,805,532	46,989,370	15
Vehicles	12,275,961	31,364,404	-	43,640,365	727,678	4,318,637	-	5,046,315	38,594,050	20
	719,892,368	1,242,904,146	-	1,962,796,514	2,725,381	31,500,092	-	34,225,473	1,928,571,041	

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5.1 This represents the fair value of grant of land measuring 60.5 acres by Government of the Punjab (GoPb) for establishment of various facilities of the Institute enabling it to perform its functions under the Act. Initially in 2015, the fair value of 50 acres land was determined to Rs. 700 million on average basis keeping in view the surrounding of the area by an independent professional valuer, Arch-e-Decon on the date of transfer of land. A further grant of land measuring 10.5 acres was received in 2017 by the Institute from the GoPb. The fair value of said land was determined to Rs. 267 million on average basis keeping in view surrounding of the area by an independent professional valuer, Al-Wazzan Associates (Private) Limited on the date of transfer of land.

5.2 This includes donations in kind amounting to Rs. 328,583 (2017: Nil) received from Pakistan Kidney and Liver Institute and Research Center - Trust, and recorded at fair value, based on market quotes.

6.	CAPITAL WORK IN PROGRESS	Note	2018 Rupees	2017 Rupees
	Civil works and consultancy	6.1	12,467,266,751	6,545,519,207
	Deposit against works	6.2	2,193,213,120	3,785,261,600
			<u>14,660,479,871</u>	<u>10,330,780,807</u>
6.1	Civil works and consultancy			
	Opening balance		6,545,519,207	525,246,549
	Additions during the year - HPTP Clinics		54,680,288	191,169,412
	Service charges of Infrastructure Development Authority of the Punjab	15.1.2	40,208,334	106,251,246
	Service charges of National Engineering Services Pakistan		-	39,862,654
	Transferred from deposit against works	6.2.1	6,237,130,605	6,440,417,463
	Transferred to property and equipment		(410,271,683)	(757,428,117)
			<u>12,467,266,751</u>	<u>6,545,519,207</u>
6.2	Deposit against works			
	Infrastructure Development Authority of the Punjab (IDAP)	6.2.1	1,704,445,251	3,296,843,731
	Lahore Electricity Supply Company (LESCO)	6.2.3	387,692,285	387,342,285
	Sui Northern Gas Pipelines Limited (SNGPL)	6.2.4	101,075,584	101,075,584
			<u>2,193,213,120</u>	<u>3,785,261,600</u>
6.2.1	Infrastructure Development Authority of the Punjab (IDAP)			
	Opening balance		3,296,843,731	2,499,384,196
	Paid during the year	6.2.2	4,669,000,000	7,301,825,000
	Transferred to civil works and consultancy during the year		(6,237,130,605)	(6,440,417,463)
	Transferred to gardening expenses		(24,267,875)	(63,948,002)
			<u>1,704,445,251</u>	<u>3,296,843,731</u>
6.2.2	This represents amount paid to IDAP for engineering, procurement and construction works of the Institute's Hospital.			
6.2.3	Lahore Electricity Supply Company Limited (LESCO)	Note	2018 Rupees	2017 Rupees
	Opening balance		387,342,285	291,225,285
	Paid during the year		350,000	96,117,000
			<u>387,692,285</u>	<u>387,342,285</u>
6.2.4	Sui Northern Gas Pipelines Limited (SNGPL)			
	Opening balance		101,075,584	42,235,584
	Paid during the year		-	58,840,000
			<u>101,075,584</u>	<u>101,075,584</u>

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7.	INTANGIBLE ASSETS	Note	2018 Rupees	2017 Rupees
	Cost			
	Opening balance		6,236,423	295,800
	Additions during the year		4,428,572	5,940,623
	Closing balance		<u>10,664,995</u>	<u>6,236,423</u>
	Accumulated amortization			
	Opening balance		(985,522)	(8,135)
	Charge for the year		(2,893,682)	(977,387)
	Closing balance		<u>(3,879,204)</u>	<u>(985,522)</u>
	Closing net book value		<u>6,785,791</u>	<u>5,250,901</u>
	Rate of amortization		<u>33%</u>	<u>33%</u>

8. LONG TERM DEPOSIT AND ADVANCES

Long term deposit	8.1	5,085,180	5,085,180
Advance against purchase of vehicles		-	40,370,845
		<u>5,085,180</u>	<u>45,456,025</u>

8.1 This represents security deposit to LESCO against electricity connection.

9. STORES AND SPARES

Store and spares		<u>17,572,242</u>	<u>401,650</u>
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10. INVENTORIES

Medicines		270,039,888	44,874,222
Medical and surgical supplies		68,113,071	9,130
Pathology supplies		120,973,618	8,478,731
	10.1	<u>459,126,577</u>	<u>53,362,083</u>

10.1 Medicines, Medical and Surgical supplies and pathology supplies amounting to Rs. 66.34 million (2017: Rs. Nil) have been received as donations for the Institute and measured at fair value, based on market quotes, as disclosed in Note 18. The donations have been received from the following parties:

Name of Party	Note	2018 Rupees	2017 Rupees
Lahore General Hospital		45,000,000	-
AGP Limited		3,300,000	-
PKLI Trust		18,037,854	-
		<u>66,337,854</u>	<u>-</u>

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances - unsecured, considered good			
Suppliers	11.1	3,869,000	454,137
Employees		676,217	776,502
		<u>4,545,217</u>	<u>1,230,639</u>
Accrued interest on saving accounts		4,421	574
Receivable from related party:			
Pakistan Kidney and Liver Institute and Research Center - Trust		14,300	1,000,000
Prepayments		3,277,321	30,974,407
Other receivables		239,672	450
		<u>8,080,931</u>	<u>33,206,070</u>

11.1 This includes an advance given to IDAP, a related party, amounting to Rs. 3,860,000 (2017: Rs. Nil).

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	Note	2018 Rupees	2017 Rupees
12. SHORT TERM SECURITY DEPOSITS	12.1	7,253,542	13,282,000
12.1 These deposits include amounts given as advance rentals as per rent agreements of different premises, availed on rent for HPTP clinics, nursing hostels and guest houses.			
13. CASH AND BANK BALANCES	Note	2018 Rupees	2017 Rupees
Cash in hand		1,024,651	653,248
Balances with banks in:			
Current account		2,561,842	1,125,975
Saving accounts	13.1	2,741,330,273	4,917,911,901
		<u>2,743,892,115</u>	<u>4,919,037,876</u>
		<u>2,744,916,766</u>	<u>4,919,691,124</u>
13.1 These carry markup at the rate ranging from 5.5% to 8.2% (2017: 2.3% to 5.6%) per annum.			
14. DEFERRED GRANTS - RESTRICTED	Note	2018 Rupees	2017 Rupees
Government grants	14.1	18,675,793,021	16,555,007,613
Other grants-related to donated assets	14.2	879,420	1,035,132
		<u>18,676,672,441</u>	<u>16,556,042,745</u>
14.1 Government grants			
Opening balance		16,555,007,613	5,544,923,844
Grant received during the year			
In cash		5,633,333,000	11,500,000,000
In kind in form of assets	5.1	-	267,562,500
	14.1.1	<u>22,188,340,613</u>	<u>17,312,486,344</u>
Grant amortized during the year	14.3	<u>(3,512,547,592)</u>	<u>(757,478,731)</u>
Closing balance		<u>18,675,793,021</u>	<u>16,555,007,613</u>
14.1.1 Breakup of government grants			
Grant related to assets		17,928,832,374	15,619,922,592
Grant related to donated assets	5.1	967,562,500	967,562,500
Grant related to income		3,291,945,739	725,001,252
		<u>22,188,340,613</u>	<u>17,312,486,344</u>
14.2 Other grants-related to donated assets			
Opening balance		1,035,132	1,218,537
Amortization for the year	14.3	<u>(155,712)</u>	<u>(183,405)</u>
Closing balance	14.4	<u>879,420</u>	<u>1,035,132</u>
14.3 Amortization for the year			
Government grants:			
- Grant related to assets		220,601,853	32,477,479
- Grant related to income		3,291,945,739	725,001,252
		<u>3,512,547,592</u>	<u>757,478,731</u>
Other grants - related to donated assets		155,712	183,405
		<u>3,512,703,304</u>	<u>757,662,136</u>

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		2018	2017
		Rupees	Rupees
14.4	Break up of grants related to donated assets is as follows:		
	Computers	2,039	2,915
	Furniture and fixture	77,050	90,646
	Office equipment	800,331	941,571
		<u>879,420</u>	<u>1,035,132</u>
14.5	All grants received during the year from the Government are restricted and are being utilized as per budgetary allocations.		
15.	TRADE AND OTHER PAYABLES	2018	2017
		Rupees	Rupees
	Creditors	535,474,204	175,517,400
	Due to related party	15.1 355,479,545	258,862,518
	Accrued liabilities	43,570,114	33,429,615
	Withholding tax payable	10,067,387	7,729,669
	Retention money payable	5,621,951	11,584,337
	Payable to voluntary pension scheme	15.2 908,777	23,449,246
	Other payables	304,154	1,303,440
		<u>951,426,132</u>	<u>511,876,225</u>
15.1	Due to related party		
	Due to IDAP	15.1.1 337,874,499	235,839,257
	Due to Primary and Secondary Healthcare Department	15.1.3 17,605,046	23,023,261
		<u>355,479,545</u>	<u>258,862,518</u>
15.1.1	Due to IDAP		
	Payable to IDAP against HPTP project	263,789,919	201,963,011
	Service charges payable to IDAP	15.1.2 74,084,580	33,876,246
		<u>337,874,499</u>	<u>235,839,257</u>
15.1.2	Service charges payable to IDAP		
	Opening balance	33,876,246	48,250,000
	Accrued during the year	40,208,334	106,251,246
	Paid during the year	-	(120,625,000)
	Closing balance	<u>74,084,580</u>	<u>33,876,246</u>
15.1.3	Due to Primary and Secondary Healthcare Department		
	Advance against training of medical officers and nurses	8,245,565	13,663,780
	Against medicines supplied	9,359,481	9,359,481
		<u>17,605,046</u>	<u>23,023,261</u>
15.2	This represents deductions made from employees' salaries on account of Voluntary Pension Fund. The pension fund is managed by a third party, Al Meezan Investment Management Limited. Both the Employer and Employee contribute in the Fund.		
16.	CONTINGENCIES AND COMMITMENTS		
16.1	Contingencies		
	During the year, the Honorable Supreme Court of Pakistan took Suo Moto action against the Institute on 24 March 2018 and issued the directions to carry out the forensic audit of the Institute. The Honorable Court later on suspended the management and appointed Adhoc Committee to run the affairs of the Institute. Further, subsequent to year end, the Supreme Court bench in its final order, dropped notice of Suo Moto action on 28 February 2019 and restored the Institute's management and Board of Governors. Thereafter, the Provincial Assembly of the Punjab passed Pakistan Kidney and Liver Institute and Research Center Act, 2019 and appointed the Board of Governors to administer the Institute. The management believes that the above facts do not have any material effect on these financial statements and hence no provision has been made in this regard.		
16.2	Commitments		
	Aggregate commitments amount to Rs. 8,825.17 million (2017: Rs. 9,627.2 million) which include Rs. Nil (2017: Rs. 40.2 million) relating to service charges to the Infrastructure Development Authority of the Punjab (IDAP) and construction contracts amounting to Rs. 8,825.17 million (2017: Rs. 9,587 million) awarded by IDAP to various contractors on behalf of the Institute.		
	The rental commitments of the Institute amounts to Rs. 21.42 million (2017: Rs. 21.78 million)		

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		2018	2017
	Note	Rupees	Rupees
17. CLINICAL INCOME			
Outpatients	17.1	2,423,853,183	498,793,491
Pharmacy		1,043,837,846	110,736,907
		<u>3,467,691,029</u>	<u>609,530,398</u>
Less: waived as financial support to indigent patients	17.2	(3,385,142,185)	(606,872,347)
		<u>82,548,844</u>	<u>2,658,051</u>
17.1 Outpatients			
Consultancy		1,189,916,253	122,282,922
Lab tests and other procedures		1,233,936,930	376,510,569
		<u>2,423,853,183</u>	<u>498,793,491</u>
17.2 Financial support to indigent patients			
Consultancy		1,107,365,302	121,642,244
Lab tests and other procedures		1,233,939,037	374,627,825
Pharmacy		1,043,837,846	110,602,278
		<u>3,385,142,185</u>	<u>606,872,347</u>
18. OTHER INCOME			
Donations		66,666,437	-
Miscellaneous income		6,924,726	813,258
		<u>73,591,163</u>	<u>813,258</u>
19. SALARIES AND WAGES			
Salaries and wages	19.1	1,795,341,495	406,876,226
19.1			
Salaries, wages and other benefits include Rs. 96,144,982 (2017: Rs. 12,199,320) in respect of voluntary pension scheme, and Rs. 37,444,225 (2017: Rs. 12,106,946) in respect of leave encashment, by the Institute. The management has converted its provident fund to the voluntary pension scheme during the year.			
20. GENERAL AND ADMINISTRATIVE EXPENSES			
	Note	2018	2017
		Rupees	Rupees
Medicines and drugs		490,410,121	46,583,131
Pathology, nursing and other supplies consumed		458,428,548	57,627,020
Advertisement expenses		71,219,742	36,841,110
Travelling and conveyance		60,926,464	8,643,392
Insurance		62,626,816	7,797,638
Utilities		55,107,431	6,777,714
Rent, rates and taxes		49,876,257	30,574,015
Gardening expenses		24,446,345	64,237,310
Running and maintenance		22,819,647	4,982,435
Cleaning and washing		27,070,943	544,934
Office supplies		24,082,208	8,727,732
Security charges		42,800,454	6,688,442
Printing, stationery and postage		20,873,875	4,681,177
Telephone and postage charges		32,183,172	3,078,170
Outsourced medical services		12,844,215	4,888,912
Recruitment and training		10,692,646	2,695,586
Fee and subscription		9,910,390	4,333,059
Legal and professional charges		4,894,047	1,665,000
Repair and maintenance		6,257,339	8,735,940
Entertainment		1,522,941	962,591
Uniforms		1,436,201	1,629,672
Auditor's remuneration		1,149,500	1,045,000
Office renovation		471,048	1,514,659
Bank charges		265,232	76,256
Hepatitis day expenditure		-	2,064,877
Miscellaneous		4,288,662	912,659
		<u>1,496,604,244</u>	<u>318,308,431</u>

21. TAXATION

As per Section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Institute has been allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of the Ordinance. Accordingly, the Institute has not recognized any tax liability.

22. FINANCIAL RISK MANAGEMENT

Financial instruments comprise other receivables, short term security deposits, cash and bank balances and creditors and other payables.

The Institute has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Governors has the overall responsibility for the establishment and oversight of Institute's risk management framework. The Board is also responsible for developing and monitoring the Institute's risk management policies.

The Institute's risk management policies are established to identify and analyze the risks faced by the Institute, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to respond to changes in market conditions and the Institute's activities.

22.1 Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Institute are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the statement of income and expenditure.

At reporting date, the Institute is not exposed to any currency risk.

b) Other price risk

Other price risk is a risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar instrument traded in the market.

As at 31 December 2018, the Institute is not exposed to any significant price risk.

c) Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

The Institute has no long-term interest-bearing assets. The Institute's interest rate risk arises from saving accounts.

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At the reporting date, the interest rate profile of the Institute's interest bearing financial instruments was:

	2018	2017	2018	2017
	Percentage		Amount (Rupees)	
Floating rate instruments				
Financial assets				
Bank balances in saving accounts	5.5% to 8.2%	2.3% to 5.6%	2,741,330,273	4,917,911,901

Fair value sensitivity analysis for fixed rate instruments

The Institute does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect surplus or deficit of the Institute.

Fair value sensitivity analysis for floating rate instruments

If interest rates on saving accounts with banks, at the reporting date, fluctuate by 1% higher / lower with all other variables, in particularly foreign exchange rates held constant, surplus before taxation for the year would have been affected as follows:

	Changes in interest rate	2018 Effect on surplus before tax Rupees	2017 Effect on surplus before tax Rupees
Financial asset	%		
Bank balances - saving accounts	+1%	27,413,303	23,392,650
	-1%	(27,413,303)	(23,392,650)

22.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The Institute does not have significant exposure to any individual counter-party. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements.

The maximum exposure to credit risk at the reporting date was as follows:	2018 Rupees	2017 Rupees
Other receivables	258,393	1,001,024
Short term security deposit	7,253,542	13,282,000
Bank balances	2,743,892,115	4,919,037,876
	<u>2,751,404,050</u>	<u>4,933,320,900</u>

Banks	Rating			2018	2017
	Short term	Long term	Agency	Rupees	Rupees
The Bank of Punjab	A1+	AA	PACRA	2,740,401,090	4,917,635,012
MCB Bank Limited	A1+	AAA	PACRA	2,513,527	1,077,660
Meezan Bank Limited	A1+	AA+	JCR-VIS	55,031	54,753
Faysal Bank Limited	A1+	AA	PACRA	922,467	270,451
				<u>2,743,892,115</u>	<u>4,919,037,876</u>

22.3 Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Institute has obtained funding from Government of the Punjab.

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The table below analyzes the Institute's financial liabilities into relevant maturity groupings based on the remaining period as at reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Above 5 years
31 December 2018	----- Rupees -----				
Creditors and other payables	940,449,968	940,449,968	940,449,968	-	-
31 December 2017	----- Rupees -----				
Creditors and other payables	480,697,310	480,697,310	480,697,310	-	-

22.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

22.5 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

22.6 Fund risk management

The Institute's objectives when managing fund are to safeguard the Institute's ability to continue as a going concern in order to provide services for the general public. The Institute manages its fund structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to Institute's approach to fund management during the year.

22.7 Fair value hierarchy of financial assets

The Institute uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at reporting date, the Institute did not hold any financial instruments carried at fair value (2017:Nil). There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

22.8 Fair value of non-financial assets

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair values is determined on the basis of objective evidence at each reporting period.

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22.9 Financial instruments by categories

Assets as per statement of financial position:

2018		
Cash and cash equivalents	Loans and receivables	Total
----- Rupees -----		
Other receivables	258,393	258,393
Short term security deposit	7,253,542	7,253,542
Cash and bank balances	-	2,744,916,766
	<u>2,744,916,766</u>	<u>2,752,428,701</u>

2017		
Cash and cash equivalents	Loans and receivables	Total
----- Rupees -----		
Other receivables	1,001,024	1,001,024
Short term security deposit	13,282,000	13,282,000
Cash and bank balances	-	4,919,691,124
	<u>4,919,691,124</u>	<u>4,933,974,148</u>

Liabilities as per statement of financial position

	Financial liabilities at amortized cost	
	2018 Rupees	2017 Rupees
Trade and other payables	<u>940,449,968</u>	<u>480,697,310</u>

23. RELATED PARTY BALANCES AND TRANSACTIONS

The related parties comprise of Pakistan Kidney and Liver Institute and Research Center - Trust, departments, companies and autonomous bodies under the common control of the Government of the Punjab and key management personnel. The Institute carries out transactions with various related parties at mutually agreed terms and the balance outstanding at the year end have been disclosed in the respective notes to the financial statements. Other significant transactions entered during the year with the related parties and associated undertakings are as follows:

<u>Name of Party</u>	<u>Relationship with the Institute</u>	<u>Nature of transactions</u>	2018 Rupees	2017 Rupees
Government of Punjab	Associated undertakings	Grant received	5,633,333,000	11,500,000,000
PKLI Trust	Associated undertakings	Assets received as donation	328,583	267,562,500
PKLI Trust	Associated undertakings	Stock received as donation	18,037,854	-
Lahore General Hospital	Associated undertakings	Stock received as donation	45,000,000	-
IDAP	Associated undertakings	Advance given for capital expenses	4,669,000,000	7,300,000,000
IDAP	Associated undertakings	Advance given for operational expenses	21,240,870	-
IDAP	Associated undertakings	Service charges	40,208,334	106,251,246
Nespak	Associated undertakings	Service charges	-	39,862,654

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PAKISTAN KIDNEY AND LIVER INSTITUTE AND RESEARCH CENTER

<u>Name of Party</u>	<u>Relationship with the Institute</u>	<u>Nature of transactions</u>	<u>2018 Rupees</u>	<u>2017 Rupees</u>
Directorate of General Public Relations	Associated undertakings	Advertisement expense	49,969,114	6,874,821
Director / President		Remuneration and reimbursements	12,487,283	-
		Voluntary Pension Scheme	795,823	-
Key management personnel		Salaries and other employee benefits	164,389,686	50,933,256
		Leave Encashment-Paid	2,586,577	2,979,808
		Voluntary Pension Scheme-Paid	9,466,628	1,554,902

A number of entities owned directly/indirectly by the Government of Pakistan (GOP) are the related parties of the Company due to significant influence of the GOP over the Company. Accordingly, the management has applied the exemption available under IAS 24 'Related Party Disclosures' and the transactions with those entities, other than disclosed above, are considered highly insignificant at the financial statements level to be disclosed. Moreover, considering the nature of the Company's business, medical and health services are being provided to a number of Directors and Executives, which are also considered highly insignificant to be disclosed.

24. EVENTS AFTER BALANCE SHEET DATE

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a corona virus (COVID-19) can be characterized as a pandemic. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the Government of Pakistan, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity.

These conditions are considered subsequent, non-adjusting events, and impacted the economic and risk environment in which the Company operates.

The situation, including the Government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorization of these financial statements.

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Governors of the Institute on 22 August 2020

26. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary for the purposes of comparison and better presentation. However, no significant reclassification has been made.

27. GENERAL

Figures have been rounded off to the nearest rupee, unless stated otherwise.

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MEMBER


DEAN